



General Assembly

January Session, 2015

***Raised Bill No. 6763***

LCO No. 3284



Referred to Committee on HUMAN SERVICES

Introduced by:  
(HS)

***AN ACT CONCERNING SOCIAL INNOVATION.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 4-68aa of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2015*):

3 (a) As used in this section:

4 (1) "Savings" means a reduction in state expenditures, as such  
5 expenditures are defined in an outcome-based performance contract;

6 ~~[(1)]~~ (2) "Secretary" means the Secretary of the Office of Policy and  
7 Management, or the secretary's designee;

8 ~~[(2)]~~ (3) "Social innovation investment enterprise" means an entity  
9 (A) created to coordinate the delivery of preventive social programs by  
10 nonprofit service providers, [which] and (B) that has the capability of  
11 creating a social investment vehicle, entering into outcome-based  
12 performance contracts and contracting with service providers;

13 ~~[(3)]~~ (4) "Social investment vehicle" means an investment product

14 established by a social innovation investment enterprise to raise  
15 private investment capital; [and]

16 [(4)] (5) "Outcome-based performance contract" means a contract  
17 entered into between the secretary or an agency authorized by the  
18 secretary and a social innovation investment enterprise that establishes  
19 outcome-based performance [standards] benchmarks for preventive  
20 social programs delivered by nonprofit service providers and provides  
21 that investors in any social investment vehicle shall receive a return of  
22 their investment and earnings thereon only if outcome-based  
23 performance [standards] benchmarks are met and specific, quantifiable  
24 outcomes are achieved by the social innovation investment enterprise;  
25 and

26 (6) "Preventive social program" means a program designed to  
27 reduce, reverse or eliminate societal problems, including, but not  
28 limited to, poverty, homelessness, unemployment, poor academic  
29 achievement and poor health.

30 (b) The secretary or an agency authorized by the secretary may  
31 enter into an outcome-based performance contract with a social  
32 innovation investment enterprise for the purpose of [accepting a  
33 United States Department of Justice fiscal year 2012 Second Chance  
34 Act Adult Offender Reentry Program Demonstration Category 2  
35 Implementation grant. The outcome-based performance contract  
36 between the secretary and a social innovation investment enterprise  
37 may provide for payments from the social innovation account,  
38 established pursuant to subsection (d) of this section, to the social  
39 innovation investment enterprise or to investors or to both] delivering  
40 preventive social programs. The outcome-based performance contract  
41 shall be based on a written proposal deemed sufficient by the secretary  
42 that demonstrates savings will be generated by the social innovation  
43 investment enterprise through the accelerated achievement of specific,  
44 quantifiable outcomes based on defined performance benchmarks.

45     (c) Any outcome-based performance contract authorized by the  
46 secretary, pursuant to the provisions of this section, shall include, but  
47 not be limited to: (1) Payment conditioned on the achievement of  
48 specific, quantifiable outcomes based on defined performance  
49 benchmarks; (2) an objective determination by an independent  
50 evaluator that the performance benchmarks have been met; (3) a  
51 calculation of the amount and timing of payments that would be  
52 earned by the providers of capital in the social investment vehicle each  
53 year of the contract if specific, quantifiable outcomes based on defined  
54 performance benchmarks are achieved; (4) a provision concerning  
55 appropriation requests for each fiscal year for the nonlapsing social  
56 innovation account established pursuant to this section in an amount  
57 equal to the expected payments that the state would ultimately be  
58 obligated to pay if specific quantifiable outcomes based on defined  
59 performance benchmarks were achieved; and (5) a fiscal analysis by  
60 the secretary or any agency authorized by the secretary as to projected  
61 savings in specific governmental service areas related to achievement  
62 of specific, quantifiable outcomes based on defined performance  
63 benchmarks.

64     (d) When considering entering into an outcome-based performance  
65 contract with a social innovation investment enterprise, the secretary,  
66 or any agency authorized by the secretary, shall present to the joint  
67 standing committees of the General Assembly having cognizance of  
68 matters concerning the preventive social program and appropriations  
69 and the budgets of state agencies: (1) A summary statement that shall  
70 include policy areas to be addressed by such contract; (2) the  
71 preventive social program to be delivered; (3) a general description of  
72 performance benchmarks, expected outcomes and metrics used to  
73 measure whether such benchmarks and outcomes were achieved; and  
74 (4) a general estimate of savings.

75     (e) After entering into an outcome-based performance contract with  
76 a social innovation investment enterprise, the secretary, or any agency  
77 authorized by the secretary, shall present to said joint standing

78 committees the terms and conditions of the contract, along with the  
79 executive summary of the agreement, detailing: (1) The social  
80 innovation investment for which the contract is being entered into; (2)  
81 the performance benchmarks being used; (3) a calculation of the  
82 amount and timing of state payments if specific, quantifiable outcomes  
83 based on defined performance benchmarks are achieved; (4) projected  
84 savings in specific governmental service areas related to achievement  
85 of the specific, quantifiable outcomes; and (5) projected appropriations  
86 necessary for fiscal years subsequent to the current biennium to fund  
87 the social innovation account established pursuant to this section.

88 (f) For each outcome-based performance contract entered into  
89 pursuant to this section, the secretary, or any agency authorized by the  
90 secretary, shall report annually during the contract period and not  
91 later than six months after the conclusion of the contract period on the  
92 status of such contracts to said joint standing committees. Such report  
93 shall include information on (1) the achievement by the nonprofit  
94 service provider of specific, quantifiable outcomes based on defined  
95 performance benchmarks; (2) returns on investment for the social  
96 investment vehicle; and (3) fiscal analyses of savings achieved in  
97 specific governmental service areas related to the contract.

98 [(c)] (g) The secretary or any agency authorized by the secretary  
99 pursuant to subsection (b) of this section shall comply with the  
100 provisions of section 4e-16 relating to privatization contracts when  
101 entering into an outcome-based performance contract with a social  
102 innovation investment enterprise pursuant to this section.

103 [(d)] (h) There is established an account to be known as the "social  
104 innovation account" which shall be a separate, nonlapsing account  
105 within the General Fund. The account shall contain any moneys  
106 required by law to be deposited in the account. Any interest accruing  
107 to the account shall be credited to the account. Moneys may be  
108 transferred to the account from the General Fund. Moneys in the  
109 account shall be expended by the [Secretary of the Office of Policy and

110 Management for the purposes of facilitating the reentry of moderate  
111 and high-risk offenders into the community] secretary, or any agency  
112 authorized by the secretary, solely to provide payments to the social  
113 innovation enterprise, investors or both, and related administrative  
114 costs, in accordance with the terms of an outcome-based performance  
115 contract. The secretary, or any agency authorized by the secretary, may  
116 apply for and accept gifts, grants or donations from public or private  
117 sources to enable the account to be a source of payments to investors  
118 purchasing interests in a social investment vehicle.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	July 1, 2015	4-68aa
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***Statement of Purpose:***

To allow private investors to fund the innovative delivery of certain social service programs while saving the state money.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*